

FORM MR-RC
Revised May 30, 1990
RECLAMATION CONTRACT

File Number _____

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/021/004

Silver

"MINE LOCATION":

(Name of Mine)

Escalante Silver Mine

(Description)

Section 2, T.36S, R.17W.,

Iron County, Utah

"DISTURBED AREA":

(Disturbed Acres)

80 Acres

(Legal Description)

Sections 1-3, 9-12, and 14-16, T.36S.

R. 17W., Iron County, Utah

"OPERATOR":

(Company or Name)

Hecla Mining Company

(Address)

6500 Mineral Drive

Box C-8000

Coeur d'Alene, Idaho 83814-1931

(Phone)

(208) 769-4100

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

CT Corporation System

50 W. Broadway

Salt Lake City, UT 84101

(801) 531-7090

(Phone)

"OPERATOR'S OFFICER(S)":

Arthur Brown - President & CEO

William J. Grismer - Senior V.P. & Secretary

Ralph R. Noyes, - V.P. - Metal Mining

"SURETY":

(Form of Surety - Exhibit B)

Self Bonding and Indemnity Agreement

"SURETY COMPANY":

(Name, Policy or Acct. No.)

N.A.

"SURETY AMOUNT":

(Escalated Dollars)

\$181,500

"ESCALATION YEAR":

1995

"STATE":

Utah

"DIVISION":

Oil, Gas, Mining

"BOARD":

Department of Natural Resources

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

N.A.

12/6/90

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/021/004 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____ 19 ____.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director

Date

Signature

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____, personally appeared before me, who being duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

Operator Name: Hecla Mining Company


By William J. Grismer
Corporate Officer - Position
Senior Vice President and Secretary

December 6, 1990
Date


Signature

STATE OF Idaho)
COUNTY OF Kootenai) ss:

On the 6th day of December, 19 90, personally
appeared before me William J. Grismer who being
by me duly sworn did say that he/she, the said William J. Grismer
is the Senior Vice President and Secretary of Hecla Mining Company
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
William J. Grismer duly acknowledged to me that said
company executed the same.


Notary Public
Residing at: Coeur d'Alene, Idaho

June 20, 1991
My Commission Expires:

SURETY:

Self-Bonding Agreement

Surety Company

By _____
Company Officer - Position

Date

Signature

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____, personally
appeared before me _____ who being
by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form
for each authorized agent or officer. Where one signs by virtue of Power of Attorney for
a company, such Power of Attorney must be filed with this Contract.